

H.R. 1845 – The Small Business Development Centers Modernization Act of 2009

Amends section 21 of the Small Business Act.

Section 1. Short Title

This Act may be cited as “The Small Business Development Centers Modernization Act of 2009”

Section 2. Small Business Development Center Operational Changes

This section makes several operational and technical changes to the Small Business Development Center (SBDC) program. The SBA is required to provide grants only to universities with academic accreditations. This section strengthens eligibility criteria for SBDC grantees by requiring new award recipients to be institutions of higher education that are fully accredited.

Grant recipients are authorized as equal partners in the contract negotiation process. This section clarifies this partnership and ensures that SBDC grant recipients have a meaningful role in the negotiations to determine the programs/services they will provide as well as the finalized contract agreement with the agency. This section further also prohibits SBA interference in the hiring practices of the SBDC grant recipient host.

Privacy protection requirements are expanded to apply to the content of SBDC consultation sessions. Client confidentiality protections established in the 2004 SBA Reauthorization Act are strengthened to also cover the context of the consulting engagement.

The agency is limited to an amount of \$500,000 to be taken from program resources for administration expenses to examine center operations. The Committee intends that the SBDC Program Office and the SBA should budget for administrative costs through the agency’s annual fiscal proposals.

Exemptions are allowed in the event of a federally-designated natural or human-caused disaster to the cap on non-matching portability grants. The Committee intends this provision will prevent the historically lengthy and disconnected process for grant proposals responding to one disaster, such as the occurrence in the Gulf Coast.

This section limits the number of SBDC grantees to one per state, unless a single SBDC does not apply to cover the entire state. This provision, however, grandfatheres the multiple SBDC grantees in California and Texas, until they propose to consolidate. In addition, for the purpose of this section, an SBDC grantee is defined as the entity that received the funds from the SBA pursuant to the SBDC funding formula.

Due to their ability to secure separate federal funding for entrepreneurial development activities from the SBA, this section eliminates women's business centers from the pool of eligible entities for SBDC grants.

Section 3. Access to Credit and Capital Program

This section establishes a grant program for SBDCs to develop specialized programs to assist local small firms in securing capital and repairing damaged credit; provide informational seminars on securing credit and loans; provide one-on-one counseling with potential borrowers to improve financial presentations to lenders; and facilitate borrowers' access to non-traditional financing sources, as well as traditional lending sources. The award size under this program is \$300,000. \$2.5 million is authorized for each of fiscal years 2010 and 2011 for the purposes of carrying out this section. Funds for this program are separate and in addition to funds provided to the core SBDC program.

Section 4. Procurement Training and Assistance Program

This section establishes a procurement training program for SBDCs to work with local agencies to identify contracts that are suitable for local small firms; prepare small businesses to be project ready as subcontractors and smaller primes on for contracts made available through the American Recovery and Reinvestment Act through training and business advisement, especially in the construction trades; and provide technical assistance regarding the federal procurement process, including assisting small firms comply with federal regulations and bonding requirements. The award size under this program is \$300,000. \$2.5 million is authorized for each of fiscal years 2010 and 2011 for the purposes of carrying out this section. Funds for this program are separate and in addition to funds provided to the core SBDC program.

Section 5. Green Entrepreneurs Training Program

This section establishes a green entrepreneurial development program, in which SBDCs will provide education classes and one-on-one instruction in starting a business in the fields of energy efficiency, green technology, or clean technology; coordinate such classes and instruction, to the extent practicable, with local community colleges and local professional trade associations; assist and provide technical counsel to individuals seeking to start a business in the fields of energy efficiency, green technology, or clean technology. The award size under this program is \$300,000. \$2.5 million is authorized for each of fiscal years 2010 and 2011 for the purposes of carrying out this section. Funds for this program are separate and in addition to funds provided to the core SBDC program.

Section 6. Main Street Stabilization Program

This program will provide SBDCs with funds for the purpose of establishing a statewide Small Business Helpline within every state and territory to provide immediate expert information and assistance to small firms; assist dislocated workers interested in starting their own business; developing a portfolio of online survival and growth tools and

resources struggling small companies can utilize 24/7 via the Internet; growing business advisory capacity to provide expert consulting and education to assist small businesses at-risk of failure; and deploying additional resources to help specific sectors with a high presence of small companies. The award size under this program is \$250,000. \$2.5 million is authorized for each of fiscal years 2010 and 2011 for the purposes of carrying out this section. Funds for this program are separate and in addition to funds provided to the core SBDC program.

Section 7. Prohibition on program income being used as matching funds

Entities participating in the SBDC program are prohibited from using funds obtained through the assessment of fees to small business clients as program matching funds.

Section 8. Authorization

Funds for the SBDC program are authorized for \$150 million in fiscal year 2010 and \$160 million in fiscal year 2011.